



February 6, 2013

NAVAIR shares budget reduction plans with workforce

NAVAL AIR SYSTEMS COMMAND, PATUXENT RIVER, Md. — Vice Adm. David Dunaway, commander, Naval Air Systems Command, updated employees on planning and workforce impacts of a potential year-long continuing resolution (CR) and sequestration in an all-hands email today. In response to direction from the Chief of Naval Operations (CNO), Navy commanders have begun reducing expenditures and developing plans to mitigate negative impacts on forward-deployed forces and mission execution through the end of this fiscal year.

A year-long CR would freeze spending at FY12 levels with no authority to transfer funds across budget lines. Because of the current CR, Operations and Maintenance-Navy (OMN) accounts for fiscal year 2013 are underfunded by \$3.2 billion, while expenses have grown by \$1.4 billion due to rising fuel costs, increased naval presence in the Middle East and unexpected repairs.

If sequestration happens, the Navy faces an additional \$4 billion to \$5 billion cut this year alone - further reducing training and readiness. Because sequestration would be triggered in March, nearly halfway through the fiscal year, the Navy would have to absorb the additional cut in only a few months - requiring drastic reductions to OMN accounts. Under sequestration rules, commanders would have no flexibility to strategically manage these cuts. The Navy is hopeful that transfer authority will be granted, but for now, commanders must plan to execute across-the-board cuts.

A year-long CR and sequestration would mean a \$3.5 billion cut to NAVAIR in FY13, including \$3 billion across investment accounts (research and development, and procurement) and \$520 million in OMN. In recent days, CNO provided Navy commanders with specific direction to reduce the rate of expenditures on the OMN side, to include: possibly no new aircraft will be inducted for maintenance in the third and fourth quarters (pending a CNO decision Feb. 15); the possibility of no FY13 refueling and complex overhaul for USS Abraham Lincoln (CVN 72); potential cancellation of ship availabilities and training workups; and possible extended carrier deployments.

“We must slow spending now in our OMN accounts (headquarters, depot maintenance and in-service fleet support) in order to protect mission-critical execution in the months ahead,” Dunaway told employees, “and be ready to react to specific direction should CR or sequestration become reality. This scrutiny on non-mission essential spending applies to working capital funded activities as well as the OMN accounts named above.”

In order to immediately reduce spending rates, the Navy directed the following specific actions affecting both civilian personnel and contracts.



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- a. An immediate hiring freeze for the Navy is in effect through March 2. At the end of this freeze, NAVAIR will manage to a hiring-freeze plan, which is awaiting approval. Exceptions to the hard freeze include: within-grade increases; internal movements within NAVAIR and career ladder promotions; hiring actions with an established start date set on or before Jan. 14; hiring actions where a formal job offer has been made in writing on or before Jan. 14; hiring actions pending resolution or clearance of any DoD Priority Placement issues; career conversion or transition of interns to their permanent positions (Acquisition, Financial, and Human Resources Intern programs); and career conversion or transition of apprentices to their permanent positions.
- b. No decision has been made on civilian furloughs at this time. If implemented, direction will come from the Office of Management and Budget, and furloughs will be centrally managed by DoD. It is anticipated that the plan would be for all civilians to take one furlough day per week for up to 22 weeks, starting in mid-April.
- c. All NAVAIR- or government-sponsored conferences are postponed. Any exceptions require senior leadership and NAVAIR commander approval.
- d. All non-mission essential travel and professional training are cancelled, including attendance at conferences and seminars. Until further notice, the first flag officer or senior executive service member in the chain of command will determine whether travel is mission essential.
- e. Each NAVAIR command (Headquarters, Naval Air Warfare Centers and Fleet Readiness Centers) will implement an approval process for overtime or compensatory time. Authorization will be very targeted and limited to critical customer requirements.
- f. Supply purchases are limited to essential items only and minor purchases for furniture, information technology and unit equipment will be delayed.
- g. NAVAIR will slow the expenditure of contract funds and implement a review and approval process for all contract actions at the appropriate Navy level, based on various funding thresholds. Only funding for requirements deemed critical to mission support, including contract support services, will be executed.

Dunaway also shared critical upcoming dates in the process:

- Feb. 8: Navy submits CR and sequestration plans to the Office of the Secretary of Defense
- Feb. 15: CNO decision on deferred third and fourth quarter aviation depot maintenance inductions



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- March 1: Sequestration will be triggered if Congress does not pass an alternate proposal to reduce spending
- March 27: Current 6-month CR ends
- April 16: Potential civilian furloughs begin

“We will have tough decisions to make in the coming weeks,” Dunaway said. “We will implement these decisions deliberately, in an integrated, aligned and consistent manner across competencies and commands - and in close coordination with our program and fleet customers. This will enable us to provide Navy and DoD leadership with a clear picture of impacts and risks to both readiness and personnel.”

Dunaway promised to keep employees informed and “do whatever I can within my authority to minimize impacts on our people, programs and customers.”